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FILED  
05/09/03 PM 12:25  
LANOE S. WILSON  
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DEPUTY  
ORIGINAL

6 UNITED STATES DISTRICT COURT  
7 STATE OF NEVADA

9 GENEMAX CORP. a Nevada corporation,  
10 Plaintiff,

CASE NO. \_\_\_\_\_

11 vs.

**COMPLAINT AND  
DEMAND FOR JURY**

12 LOM SECURITIES (BERMUDA) LIMITED,  
13 a foreign business entity;  
14 LOM (HOLDINGS) LIMITED, a foreign business  
15 entity; BRIAN LINES, an individual;  
16 BLACK CORPORATIONS 1-100;  
17 DOES 1-100;

CV-N-03-0246-HDM-VPC

18 Defendants.  
19 \_\_\_\_\_/

20 COMES NOW Plaintiff, and as and for a Complaint against Defendants, alleges as follows:

21 **JURISDICTION AND VENUE**

22 1. This Court has jurisdiction over this matter pursuant to 28 USCA Sec. 1331, based upon  
23 federal questions concerning the laws of the United States, namely 15 USCA Sec.78,  
24 commonly referred to as the Securities Exchange Act of 1934 ("Exchange Act"), 15 USCA  
25 Sec. 77, commonly referred to as the Securities Act of 1933 (the "Securities Act" or "Act")  
26

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1 and 18 USCA Sec. 1962, commonly referred to as the Racketeer Influenced and Corrupt  
2 Organizations Act ("RICO").

3 2. This action states claims pursuant to Section 10 of the Exchange Act, and the rules and  
4 regulations promulgated thereunder, and asserts common law claims of negligence, fraud,  
5 misrepresentation, deceptive business practices and conspiracy.

6 3. Venue is proper in this district because Plaintiffs are domiciled in Washoe County,  
7 Nevada, and the claims arose here, all pursuant to 28 U.S.C. § 1391. Venue is also proper  
8 pursuant to 18 U.S.C. § 1965.

9 This Court also has jurisdiction and venue in this action under Section 27 of the Exchange Act  
10 and under principles of supplemental jurisdiction. The acts and transactions constituting  
11 violations of the Securities Act and the Exchange Act involved the State of Nevada. Each of  
12 the Defendants transacts or has transacted business in the State of Nevada through corporate  
13 and business activities.

14 4. Plaintiff brings this action for the damages sustained by it as a result of Defendants'  
15 wrongful acts and conduct and for other relief, equitable and legal, as may be appropriate.  
16 This action is commenced within the time prescribed by the applicable statutes of limitations.

17  
18  
19  
20 **GENERAL ALLEGATIONS**

21 5. Plaintiff realleges and incorporates herein by reference the allegations set forth in  
22 paragraphs 1-4 above as though fully set forth herein.

23 6. Plaintiff, GeneMax Corp. ("GeneMax") is a corporation duly organized and existing  
24 pursuant to the laws of the State of Nevada and which, at all times pertinent hereto, was  
25 authorized to do business and was domiciled in the State of Nevada.  
26

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1 7. Defendant LOM SECURITIES (BERMUDA) LIMITED ("LOM") is a business entity  
 2 duly organized and existing pursuant to the laws of a foreign jurisdiction and which, at all  
 3 times pertinent hereto, conducted business in the State of Nevada. Upon information and  
 4 belief, LOM or one of its subsidiaries and/or affiliates is licensed by the National Association  
 5 of Securities Dealers, Inc. and authorized to trade the stock of GeneMax.  
 6

7 8. Defendant LOM (HOLDINGS) LIMITED ("Holdings") is a business entity duly  
 8 organized and existing pursuant to the laws of a foreign jurisdiction and which, at all times  
 9 pertinent hereto, conducted business in the State of Nevada. Holdings is the parent company of  
 10 LOM and is a publicly traded company on the Bermuda Stock Exchange. Upon information  
 11 and belief, Holdings or one of its subsidiaries and/or affiliates is licensed by the National  
 12 Association of Securities Dealers, Inc. and authorized to trade the stock of GeneMax.  
 13

14 9. Defendant BRIAN LINES ("Lines") is an individual operating as a securities account  
 15 representative in a foreign jurisdiction and who, at all times pertinent hereto, conducted  
 16 business in the State of Nevada. Upon information and belief, Lines is licensed by the  
 17 National Association of Securities Dealers, Inc. or other appropriate regulatory agency and  
 18 authorized to trade the stock of GeneMax.  
 19

20 10. Plaintiff does not know the true names or capacities of the Defendants sued herein as  
 21 DOES 1-100 and BLACK CORPORATIONS 1-100 and, therefore, Plaintiff sues said  
 22 Defendants by fictitious names. Plaintiff is informed and believes, and therefore, alleges, that  
 23 each of said Defendants is legally responsible for the claims for relief and the events and  
 24 happenings referred to herein, and caused damages to Plaintiff, as alleged herein. Plaintiff  
 25 anticipates amending this Complaint to name additional firms of securities professionals  
 26

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1 which are or have been involved in the conduct alleged herein, as well as individuals who are  
2 or have been involved in such conduct.

3 11. At all times pertinent hereto, certain Defendants were the agents and/or employees of  
4 certain co-Defendants and, in doing the things hereinafter alleged, were acting in concert with  
5 each other and within the course and scope of such agency and/or employment and with the  
6 permission and consent of such co-Defendants, all in furtherance of their unlawful schemes to  
7 deprive Plaintiff of his money and investment capital, and to deprive Plaintiff of his contract  
8 and other rights.  
9

#### 10 SPECIFIC ALLEGATIONS

11 12. Plaintiff is a publicly-traded company, files reports pursuant to the Exchange Act and its  
12 shares of common stock are listed for trading on the O.T.C. Bulletin Board, under the symbol  
13 "GMXX".  
14

15 13. Defendants are engaged in the securities industry as licensed broker-dealers, market  
16 makers or clearing agents, all dealing in the GMXX stock, utilizing the facilities of the U.S.  
17 securities industry.  
18

19 14. Each of the Defendants has established, maintained, facilitated and/or participated,  
20 directly or indirectly, in activities allowing each of the other Defendants and/or their  
21 respective clients and/or affiliates, as well as other parties in the Global financial community,  
22 to establish and/or hold "short" positions in the GMXX stock. Stock transfer records of  
23 Plaintiff, the records of the Depository Trust Corporation ("DTC") and/or the National  
24 Securities Clearing Corporation ("NSCC"), as well as the records of Defendants, establish the  
25 nature and extent of the "short" positions held by the Defendants in GMXX stock.  
26

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1 15. Based on records available to Plaintiff, as well as Plaintiff's stock transfer records, there  
2 are at least 1,916,833 restricted shares of GMXX common stock which Defendants have  
3 caused, directly or indirectly, to be included in and reflected on investment account statements  
4 of LOM clients which are not, in fact, on deposit in such client accounts.

5 16. At all times pertinent hereto, Defendants were fully aware of the fact that the 1,916,833  
6 shares of GMXX were not held by or on deposit in such client accounts because Defendants,  
7 and each of them, were specifically aware and had direct knowledge of the fact that all of said  
8 1,916,833 shares of GMXX stock were subject of a Voluntary Pooling Agreement, dated July  
9 8, 2002 ("Pooling Agreement"), and all of the stock certificates representing such 1,916,833  
10 shares were physically on deposit with and in the sole and exclusive custody of the Pooling  
11 Agreement Trustee, in Denver, CO, as clearly specified and agreed to by all parties to the  
12 Pooling Agreement.  
13  
14

15 17. Furthermore, each of said Defendants were specifically aware of and had direct  
16 knowledge that all of the 1,916,833 shares were restricted under Rule 144 of the Securities Act  
17 of 1933, as amended (the "Act"), and, in addition to the mandatory, prohibitory transfer  
18 restrictions contained in the Pooling Agreement, were never, since original issuance, legally  
19 eligible for sale, transfer, lending or any similar transaction without registration under the Act,  
20 or lawful exemption therefrom.  
21

22 18. In addition, each of said Defendants were specifically aware of and had direct knowledge  
23 that all of the 1,916,833 shares were subject to the GeneMax Bylaw restrictions requiring  
24 physical custody of share certificates in order to demonstrate any ownership of GMXX shares.  
25  
26

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1 19. At all times pertinent hereto, Defendants were fully aware of the fact that none of the  
2 1,916,833 shares of GMXX, nor certificates representing ownership thereof, were ever  
3 delivered, in any manner or form, to Defendants, or any other person, other than to the  
4 Pooling Agreement Trustee pursuant to the Pooling Agreement, nor was there ever any  
5 understanding or agreement to provide any shares or share certificates representing such  
6 1,916,833 shares, or any portion thereof, to Defendants, or any other party at any future date.

7  
8 20. The respective GMXX stock positions of the subject LOM client accounts, as  
9 represented to Plaintiff and, upon information and belief, the Global financial community and  
10 shareholders of Plaintiff, present materially false and misleading information concerning the  
11 actual number of shares, status, market value and availability of GMXX shares in the public  
12 market for the publicly traded securities of Plaintiff, in that Defendants purport to hold, control  
13 and/or have available for sale and/or lending, 1,916,833 shares of GMXX stock, which are  
14 not, in fact held, controlled or available for lending because such shares are not on deposit in  
15 the client accounts, as represented by Defendants, but rather, are in the exclusive custody and  
16 control of the Pooling Trustee in Denver, CO, and Defendants were, at all times pertinent  
17 hereto, fully and specifically aware of such facts.

18  
19 21. Upon information and belief, Defendants provided information to the Global financial  
20 community, including, specifically, the DTC and NSCC, and their stock borrowing program  
21 administrators and system, indicating Defendants had on deposit and available for borrowing,  
22 from the fungible pool, or otherwise, 1,916,833 shares of GMXX which Defendants  
23 specifically knew they did not have on deposit and which were not, in fact, available.

24  
25 22. On July 30, 2002, Plaintiff issued a news release to Defendants and all other members of  
26

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1 the Global financial community advising that Plaintiff had amended its Bylaws to require that  
2 shares of its common stock could only be transferred by delivery of a certificate. Plaintiff thus  
3 advised Defendants that Plaintiff's shares were in a "Custody Only" trading status.

4 23. Defendants, as securities professionals, owe a duty of care to Plaintiff and its  
5 stockholders to employ reasonable means and practices to ensure that trade transactions  
6 conducted on their own or on behalf of third parties are not being conducted for the purpose of  
7 improperly, deceptively or fraudulently manipulating the market price of publicly traded  
8 shares, including the shares of Plaintiff. Pursuant to that duty, Defendants, and each of them,  
9 have to take reasonable steps to ensure that, when conducting "short sales" that the securities  
10 which are subject of the particular trade can be delivered or borrowed by the settlement date  
11 and/or a specified date thereafter. Failure to provide such accurate information misleads the  
12 Global financial community and Plaintiff as regards the true number of shares being legally  
13 shorted and/or traded in the GMXX stock.

14 24. Defendants, as securities professionals, owe a duty of care to Plaintiff and its stockholders  
15 to employ reasonable means and practices to ensure that true, complete and accurate  
16 information is made available to the Global financial community regarding the number of  
17 shares of GMXX stock Defendants have on deposit in accounts and have available to be  
18 borrowed to cover short transactions. Failure to provide such accurate information misleads  
19 the Global financial community and Plaintiff as regards the true number of shares available to  
20 be purchased and/or borrowed for covering legally shorted and/or traded positions in the  
21 GMXX stock.

22 25. Defendants, and each of them, represented, and continue to represent to the public and  
23  
24  
25  
26

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1 Plaintiff, that the trades they conduct on their own or on behalf of third parties are bonafide  
2 transactions (a) which have been reasonably reviewed by them to ensure that the trading  
3 activity is not being conducted to improperly manipulate stock prices and/or (b) which present  
4 information to the investing public, Global financial community and Plaintiff accurately and  
5 truthfully portraying the status of stock transactions, ownership or control of shares of GMXX  
6 stock, and accurately and truthfully portraying the amount of GMXX stock actually in the  
7 marketplace or owned by or under the control of Defendants, or on deposit with and held by  
8 said Defendants.

10 26. Defendants knew, or should have known that they did not own or control the GMXX  
11 securities represented to have been owned or controlled by them in the subject client accounts,  
12 respectively, and had no basis or reasonable belief that they owned or controlled such GMXX  
13 securities. The information Defendants provided to Plaintiff and others was materially false  
14 and misleading because Defendants were "short" the GMXX securities, did not own or control  
15 such securities, or have such shares on deposit or available to borrow, and had no reasonable,  
16 legal or legitimate source of shares to cover such "short" positions. Defendants are engaged in  
17 and facilitate third parties in the unlawful "shorting" of GMXX shares.

19 27. Plaintiff justifiably relied upon the representations set forth in paragraphs 21, 25 and 26,  
20 above, in conducting its business and financial operations, specifically relying upon the  
21 representations of Defendants regarding their respective ownership and/or control of the  
22 subject securities.

24 28. Upon information and belief, Defendants, and each of them, represented to Plaintiff and  
25 others that "short sale" transactions have been and will be settled by delivery or borrowing of  
26

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1 securities by the settlement date or specified date thereafter. Defendants knew, or should have  
2 known, that these representations, though false and misleading, would be relied upon by  
3 Plaintiff and others. Plaintiff and others justifiably relied upon the representations set forth in  
4 paragraphs 21, 25 and 26 above.

5 29. Representations made by Defendants in paragraphs 21, 25 and 26, above, were made  
6 intentionally and/or negligently, and were materially false and misleading, in that, upon  
7 information and belief, Defendants have not delivered or borrowed securities by the applicable  
8 settlement date or specified period thereafter in order to legally complete the "short sales"  
9 which they conducted in regard to securities of GMXX. Defendants' "short" sales are  
10 "naked", in that Defendants do not own or control, nor have they or can they borrow sufficient  
11 shares of GMXX stock to cover the "short" positions they hold, as required by law.  
12

13 30. During years 2002 and 2003, upon information and belief, Defendants repeatedly  
14 conducted, and continue to conduct, "short sales" of GMXX stock without taking any  
15 measures to ensure that the stock could be delivered or borrowed by the settlement date and/or  
16 any other specified date (the "Naked Short Sales"). In fact, Defendants specifically knew that  
17 at least 1,916,833 shares of GMXX stock was not held by or on deposit with them, was not  
18 available for borrowing to cover short sales or positions, and misrepresented the status of such  
19 shares to the Plaintiff and the Global financial community. The "Naked Short Sales" destroy  
20 the integrity of the trading market for GMXX stock because it allows more shares to trade than  
21 were ever issued in the history of Plaintiff. The "excess" shares allow new purchasers to enter  
22 the market, but the sellers of the shares, namely Defendants, do not deliver the shares they  
23 sold to such purchasers. The result is that Defendants create an artificial and false trading  
24  
25  
26

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1 system that allows an unlimited number of shares to be sold by Defendants, thus artificially  
2 diluting shareholder interests, devaluing the shares of Plaintiff in the marketplace and  
3 manipulating market share prices. Defendants have created or intentionally and/or negligently  
4 facilitated a totally fraudulent trading market in GMXX stock.

5 31. Plaintiff sent Defendants a demand letter on May 7, 2003, demanding they cease their  
6 misrepresentations and comply with Plaintiff's Bylaw provision requiring physical possession  
7 of a stock certificate in order to trade in Plaintiff's securities. Plaintiff advised Defendants they  
8 were engaging in illegal activities. Defendants failed and refused to comply with such written  
9 demand, indicated they would take punitive actions and willfully and maliciously continued  
10 their illegal activities.  
11

12 32. Defendants failed and refused to take and reasonable measures or care with regard to  
13 their trading, clearing and/or transfer of shares of GMXX and breached their respective duties  
14 of care by, *inter alia*:  
15

16 a) failing and refusing to implement reasonable and proper procedures and policies to  
17 prevent "Naked Short Sales";

18 b) failing and refusing to reasonably and properly monitor and supervise its employees  
19 and/or agents to ensure compliance with lawful prohibitions against "Naked Short Sales";  
20

21 c) failing and refusing to implement and/or enforce and/or maintain reasonable and  
22 proper internal policies and procedures to monitor, detect and prohibit "Naked Short Sales";

23 d) failing and refusing to implement and/or enforce and/or maintain reasonable and  
24 proper accounting policies and procedures to monitor, detect and prohibit "Naked Short  
25 Sales";  
26

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1 e) failing and refusing to take any reasonable and proper action to monitor, detect and  
 2 prohibit "Naked Short Sales" when they knew, or should have known, that "Naked Short  
 3 Sales" were occurring;

4 f) failing and refusing to accurately and truthfully present to Plaintiff and the Global  
 5 financial community the true and correct number of shares of GMXX stock Defendants held  
 6 on deposit and available for borrowing under the DTC/NSCC stock borrowing protocols.

7  
 8 33. Upon information and belief, Defendants, and each of them, caused the publicly-traded  
 9 float of the GMXX stock to be artificially inflated, thereby manipulating and/or controlling the  
 10 price of GMXX stock in the public market.

11 34. During year 2002 and 2003, upon information and belief, Defendants acted in concert  
 12 with each other, and DOES 1-20 and BLACK CORPORATIONS 1-20, which are other  
 13 securities industry professionals yet specifically unidentified by name, to wrongfully engage in  
 14 the activities described above, including the manipulation of the market price and perceived  
 15 float of the publicly-traded GMXX stock (the "Market Manipulation Scheme").

16  
 17 35. The Market Manipulation Scheme was implemented and conducted by Defendants and  
 18 others, as stated in paragraph 34 above, by making "naked short sales" of GMXX stock with  
 19 the intent to artificially increase or decrease the true market price of the GMXX stock, and  
 20 indicating to Plaintiff and the Global financial community that GMXX shares were on deposit  
 21 with and held by Defendants when, in fact, they were not.

22  
 23 36. Defendants, and each of them, specifically had knowledge that such shares were not  
 24 held by or on deposit with them.

25 37. The conduct of Defendants and their Market Manipulation Scheme contravenes the laws,  
 26

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1 rules and regulations of the SEC and the NASD.

2 38. The conduct of Defendants and their Market Manipulation Scheme contravenes the  
3 criminal laws of the United States and the State of Nevada, the Act and the Exchange Act.

4 39. As a direct and proximate result of the conduct of Defendants, and each of them, Plaintiff  
5 has suffered injury, loss and damages, including:

6 a) loss of investment opportunity by and/or from third parties;

7 b) injury to its reputation;

8 c) inability to obtain financing.

9  
10 40. Upon information and belief, Defendants derived substantial business and financial  
11 benefits from their respective breaches of their duties.

12 41. Defendants, and each of them, have a duty to provide a full independent accounting of  
13 their respective activities and operations, specifically including a forensic financial accounting  
14 of trades and activities in GMXX stock from January 1, 2001 through current date.

15 42. Plaintiff has been required to employ the services of an attorney to protect its legal  
16 interests in all of the matters raised in this Complaint and is, therefore, entitled to an award of  
17 attorneys' fees, costs and expenses incurred herein.

18  
19  
20 **FIRST CLAIM FOR RELIEF**  
**(INJUNCTIVE RELIEF)**

21 43. Plaintiff realleges and incorporates herein by reference the allegations set forth in  
22 paragraphs 1-42 above as though fully set forth herein.

23 44. Plaintiff is suffering irreparable harm as a result of the conduct of Defendants and  
24 Plaintiff has no adequate remedy at law to correct the dissemination of false and misleading  
25 information regarding GMXX shares allegedly held on deposit by Defendants or the "Naked  
26

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1 Short Sales". Plaintiff is entitled to a temporary and permanent injunction enjoining  
 2 Defendants and all persons and parties employed by them, or acting for or in concert with  
 3 them, to (a) immediately cease and desist from their respective "Naked Short Sale" activities  
 4 unless and until they own or control sufficient GMXX stock to cover their respective "shorts";  
 5 (b) immediately comply with written directives issued by Plaintiff regarding its Bylaw  
 6 requirement that all shares be transferred only by the delivery of a certificate and that trades be  
 7 restricted to "Custody Only" transactions; and (c) immediately correct any and all client  
 8 account information indicating GMXX shares are on deposit with Defendants when, in fact,  
 9 they are not, and notify Plaintiff and the Global financial community of the true number of  
 10 GMXX shares held on deposit by Defendants.  
 11

12 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.  
 13

14 **SECOND CLAIM FOR RELIEF**  
 15 **(FRAUD)**

16 45. Plaintiff realleges the allegations contained in Paragraphs 1-44 hereof as though fully set  
 17 forth herein.

18 46. The representations made, and the scheme engaged in by Defendants were false and  
 19 misleading, and known to be false and misleading, or should have been known to be false and  
 20 misleading, and/or Defendants knew or recklessly ignored the false and misleading nature of  
 21 their statements and representations. Defendants had specific motives for their conduct in that  
 22 they stood to profit from their "shorting" activities and/or from indicating they had on deposit  
 23 shares of GMXX stock which they did not, in fact, have on deposit. Such conduct was  
 24 reckless and constitutes fraud and Defendants acted with scienter.  
 25

26 47. Said representations were material and made to, *inter alia*, induce Plaintiff to continue

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1 listing its shares of GMXX stock for trading, which Plaintiff did in justifiable reliance upon  
2 said material representations.

3 48. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
4 in a sum in excess of \$10,000,000.

5 49. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
6 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
7 this Complaint to conform to proof at the time of trial.

8 50. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
9 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
10 a sum in excess of \$10,000,000 from each Defendant.

11 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.  
12

13  
14 **THIRD CLAIM FOR RELIEF**  
15 **(EXCHANGE ACT SECTIONS 9 AND 10, RULE 10b-5, NRS CHAPTER 90)**

16 51. Plaintiff realleges the allegations contained in Paragraphs 1-50 hereof as though fully set  
17 forth herein.

18 52. The representations made to Plaintiff by Defendants contained statements which, at the  
19 time and in light of the circumstances under which they were made, were reckless, false and  
20 misleading and omitted to state material facts necessary in order to make the statements not  
21 misleading. Such false and misleading statements and omissions include, but were not limited  
22 to the following:  
23

24 (a) Defendants owned or had available and under their respective control sufficient  
25 shares of GMXX stock to cover their respective "short" positions; and  
26

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1 (b) Defendants had on deposit 1,916,833 shares of GMXX stock.

2 53. Said misrepresentations and omissions and other misleading disclosures made by  
3 Defendants, and each of them, were all reckless, false and made in violation of Sections 9 and  
4 10 of the Exchange Act and Rule 10b-5 thereunder and Chapter 90 of the Nevada Revised  
5 Statutes. The Defendants knew or, but for their recklessness, should have known that the  
6 representations made to Plaintiff and others in the financial community were false and  
7 misleading.  
8

9 54. Defendants, and each of them, acting as agents for each other, in a knowing and willful  
10 manner, aided and abetted each of the other Defendants in their respective violations of  
11 Section 10 of the Exchange Act, Rule 10b-5 and NRS Chapter 90 by engaging in improper  
12 professional conduct through the issuance of false and misleading information and by  
13 encouraging and inducing Plaintiff to continue the maintenance of the market in the GMXX  
14 stock based upon such false and misleading information.  
15

16 55. The conduct of Defendants, and each of them, constitutes a device, scheme or artifice to  
17 defraud Plaintiff, or a transaction, practice or course of business which operated or would  
18 operate as a fraud or deceit upon Plaintiff in violation of Section 10 of the Exchange Act and  
19 Rule 10b-5 thereunder, and NRS Chapter 90.  
20

21 56. Defendants, and each of them, directly and indirectly, made use of means or instruments  
22 of transportation and/or communication in interstate commerce or of the mails in connection  
23 with each of the acts and practices alleged herein.  
24

25 57. Defendants, and each of them, engaged in the above-described conduct with the intent to  
26 deceive, manipulate or defraud, and engaged in said conduct with reckless disregard for the

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1 consequences of such conduct to Plaintiff.

2 58. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
3 in a sum in excess of \$10,000,000.

4 59. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
5 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
6 this Complaint to conform to proof at the time of trial.

7  
8 60. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
9 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
10 a sum in excess of \$10,000,000 from each Defendant.

11 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

12  
13 **FOURTH CLAIM FOR RELIEF**  
**(SECURITIES ACT SECTION 12(2))**

14 61. Plaintiff realleges the allegations contained in Paragraphs 1-60 hereof as though fully set  
15 forth herein.

16  
17 62. The misrepresentations and omissions and the misleading disclosures of material facts  
18 described above were all made by Defendants, and each of them, in violation of Section 12(2)  
19 of the Securities Act.

20 63. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
21 in a sum in excess of \$10,000,000.

22 64. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
23 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
24 this Complaint to conform to proof at the time of trial.

25  
26 65. The above-described conduct by Defendants, and each of them, was reckless, wanton and

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1 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
2 a sum in excess of \$10,000,000 from each Defendant.

3 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

4 **FIFTH CLAIM FOR RELIEF**  
5 **(NEGLIGENCE)**

6 66. Plaintiff realleges the allegations contained in Paragraphs 1-65 hereof as though fully set  
7 forth herein.

8 67. The conduct of Defendants, and each of them, including breaches of fiduciary duties,  
9 constitutes negligence and such negligent conduct proximately caused damages to Plaintiff.

10 68. As a direct and proximate result of said conduct, Plaintiff has incurred general  
11 damages in a sum in excess of \$10,000,000.

12 69. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
13 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
14 this Complaint to conform to proof at the time of trial.

15 70. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
16 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
17 a sum in excess of \$10,000,000 from each Defendant.

18 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

19 **SIXTH CLAIM FOR RELIEF**  
20 **(MISREPRESENTATION)**

21 71. Plaintiff realleges the allegations contained in Paragraphs 1-70 hereof as though fully set  
22 forth herein.

23 72. Defendants, and each of them, by their conduct, breached their common law duty to  
24  
25  
26

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1 Plaintiff by fraudulently concealing from Plaintiff and failing to disclose all material facts  
 2 regarding their market activities regarding the GMXX stock, and by affirmatively making  
 3 untrue statements about the business purposes and activities of Defendants, and by making  
 4 false representations regarding the true number of shares of GMXX stock Defendants had on  
 5 deposit in accounts at LOM, all as previously alleged.

6  
 7 73. Defendants engaged in said conduct with the intent to deceive, manipulate or defraud and  
 8 with reckless disregard for the consequences of their conduct on Plaintiff.

9 74. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
 10 in a sum in excess of \$10,000,000.

11 75. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
 12 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
 13 this Complaint to conform to proof at the time of trial.  
 14

15 76. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
 16 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
 17 a sum in excess of \$10,000,000 from each Defendant.

18 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

19  
 20 **SEVENTH CLAIM FOR RELIEF**  
**(BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING)**

21 77. Plaintiff realleges the allegations contained in Paragraphs 1-76 hereof as though fully set  
 22 forth herein.  
 23

24 78. Defendants, and each of them, had a duty to exercise good faith and deal fairly with  
 25 Plaintiff.

26 79. Defendants, and each of them, breached said duty of good faith and fair dealing by

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1 performing the acts alleged herein.

2 80. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
3 in a sum in excess of \$10,000,000.

4 81. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
5 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
6 this Complaint to conform to proof at the time of trial.

7  
8 82. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
9 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
10 a sum in excess of \$10,000,000 from each Defendant.

11 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

12  
13 **EIGHTH CLAIM FOR RELIEF**  
14 **(CONVERSION)**

15 83. Plaintiff realleges the allegations contained in Paragraphs 1-82 hereof as though fully set  
16 forth herein.

17 84. The conduct of Defendants, and each of them, and others not yet known to Plaintiff,  
18 constitutes an unlawful conversion of valuable personal property belonging exclusively to  
19 Plaintiff.

20 85. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
21 in a sum in excess of \$10,000,000.

22 86. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
23 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
24 this Complaint to conform to proof at the time of trial.

25  
26 87. The above-described conduct by Defendants, and each of them, was reckless, wanton and

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1 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive  
2 damages in a sum in excess of \$10,000,000 from each Defendant.

3 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

4 **NINTH CLAIM FOR RELIEF**  
5 **(DECEPTIVE TRADE PRACTICE)**

6 88. Plaintiff realleges the allegations contained in Paragraphs 1-87 hereof as though fully set  
7 forth herein.

8 89. The conduct of Defendants, and each of them, and others not yet known to Plaintiff,  
9 constitutes a deceptive trade practice, as defined in NRS Ch. 598.

10 90. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
11 in a sum in excess of \$10,000,000.

12 91. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
13 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
14 this Complaint to conform to proof at the time of trial.

15 92. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
16 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
17 a sum in excess of \$10,000,000 from each Defendant.

18 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

19 **TENTH CLAIM FOR RELIEF**  
20 **(RACKETEERING)**

21 93. Plaintiff realleges the allegations contained in Paragraphs 1-92 hereof as though fully set  
22 forth herein.

23 94. The conduct of Defendants, and each of them, and others not yet known to Plaintiff,  
24  
25  
26

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1 constitutes "racketeering", as defined in NRS 207.350-520, and 18 USCA Sec. 1961, et seq.

2 This "racketeering" has been effectuated and furthered by various means and methods,  
3 including all of the acts described above, and there are at least two predicate acts (fraud  
4 unrelated to securities transactions) sufficient for the federal RICO claims.

5 95. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
6 in a sum in excess of \$10,000,000.

7  
8 96. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
9 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
10 this Complaint to conform to proof at the time of trial.

11 97. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
12 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
13 a sum in excess of \$10,000,000 from each Defendant.

14  
15 98. Pursuant to NRS 207.470, and 18 USCA Sec. 1964, Plaintiff is entitled to recover from  
16 Defendants, and each of them, **treble the damages awarded**, plus attorney's fees and costs  
17 incurred in the investigation and litigation of this action.

18 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

19  
20 **ELEVENTH CLAIM FOR RELIEF**  
**(INTERFERENCE WITH CONTRACTS)**

21 99. Plaintiff realleges the allegations contained in Paragraphs 1-98 hereof as though fully set  
22 forth herein.

23  
24 100. The conduct of Defendants, and each of them, and others not yet known to Plaintiff,  
25 constitutes interference with Plaintiff's contracts with third parties.

26 101. As a direct and proximate result of said conduct, Plaintiff has incurred general damages

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1 in a sum in excess of \$10,000,000.

2 102. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
3 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
4 this Complaint to conform to proof at the time of trial.

5 103. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
6 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
7 a sum in excess of \$10,000,000 from each Defendant.

8 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

9  
10 **TWELFTH CLAIM FOR RELIEF**  
11 **(INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGES)**

12 104. Plaintiff realleges the allegations contained in Paragraphs 1-103 hereof as though fully set  
13 forth herein.

14 105. The conduct of Defendants, and each of them, and others not yet known to Plaintiff,  
15 constitutes interference with Plaintiff's prospective economic advantages.

16 106. As a direct and proximate result of said conduct, Plaintiff has incurred general damages  
17 in a sum in excess of \$10,000,000.

18 107. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
19 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
20 this Complaint to conform to proof at the time of trial.

21 108. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
22 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
23 a sum in excess of \$10,000,000 from each Defendant.

24 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.  
25  
26

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**FIFTEENTH CLAIM FOR RELIEF**  
**(PRIMA FACIE TORT)**

109. Plaintiff realleges the allegations contained in Paragraphs 1-108 above as though fully set forth herein.

110. Defendants, and each of them, engaged in malicious conduct intended to inflict harm and damage to Plaintiff, all without cause or justification.

111. Such conduct constitutes a prima facie tort.

112. As a direct and proximate result of said conduct, Plaintiff is entitled to general damages in a sum in excess of \$100,000.00.

113. As a further direct and proximate result of said conduct, Plaintiff has incurred special damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend this Complaint to conform to proof at the time of trial.

114. The conduct of Defendants, and each of them, was willful, wanton and malicious and Plaintiff is, thereby, entitled to an award of punitive damages in a sum in excess of \$100,000.00 from each Defendant.

WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

**SIXTEENTH CLAIM FOR RELIEF**  
**(OUTRAGE; PUNITIVE AND/OR EXEMPLARY DAMAGES)**

115. Plaintiff realleges the allegations contained in Paragraphs 1-114 hereof as though fully set forth herein.

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116. Said conduct of Defendants, and each of them, was done intentionally and willfully, in knowing and/or reckless disregard of Plaintiff's rights and with the use of oppression; and, Defendants, and each of them, are guilty of express and/or implied malice toward Plaintiff. Defendants committed the tort of outrage.

117. As a direct and proximate result of said conduct, Plaintiff has incurred general damages in a sum in excess of \$10,000,000.

118. The conduct of Defendants, and each of them, should be punished through an award of punitive damages in a sum in excess of \$10,000,000 and/or an example should be made of Defendants, and each of them, through an assessment of exemplary damages in a sum in excess of \$10,000,000 to discourage each Defendant and others in like circumstances from similar conduct in the future.

WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

**SEVENTEENTH CLAIM FOR RELIEF**  
**(CONSPIRACY)**

119. Plaintiff realleges the allegations contained in Paragraphs 1-118 hereof as though fully set forth herein.

120. The conduct of Defendants, and each of them, and others not yet known to Plaintiff, constitutes an unlawful conspiracy, employing, *inter alia*, means of fraudulent documents, misrepresentations and untrue statements to, among other things, mislead Plaintiff and others regarding the number of shares of GMXX stock held on deposit by Defendants. This conspiracy has been effectuated and furthered by various means and methods, including all of the acts described above.

121. As a direct and proximate result of said conduct, Plaintiff has incurred general damages

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1 in a sum in excess of \$10,000,000.

2 122. As a further direct and proximate result of said conduct, Plaintiff has incurred special  
3 damages in a sum which has not yet been fully determined. Plaintiff will seek leave to amend  
4 this Complaint to conform to proof at the time of trial.

5 123. The above-described conduct by Defendants, and each of them, was reckless, wanton and  
6 malicious and Plaintiff is, thereby, entitled to an award of exemplary and punitive damages in  
7 a sum in excess of \$10,000,000 from each Defendant.

8 WHEREFORE, Plaintiff prays for judgment as more particularly hereinafter set forth.

9  
10 **JURY DEMAND**

11 Plaintiff demands a jury trial on all issues so triable.

12  
13 **PRAYER FOR RELIEF**

14 WHEREFORE, Plaintiff prays for judgment against Defendants, and each of them, as follows:

- 15 1. For judgment in favor of Plaintiff and against Defendants, and each of them, on all claims  
16 set forth herein.
- 17 2. For general damages in a sum in excess of \$10,000,000 from each Defendant.
- 18 3. For special damages according to proof at the time of trial, including attorney's fees, costs  
19 and expenses. Plaintiff will seek leave to amend this Complaint to conform to proof at the  
20 time of trial.
- 21 4. For punitive damages in a sum in excess of \$10,000,000 from each Defendant.
- 22 5. For a full independent financial accounting of the business operations of each Defendant.
- 23 6. For a temporary and permanent injunction enjoining Defendants from continuing their  
24 "shorting" activities and from presenting false account information to Plaintiff and the Global  
25  
26

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1 financial community.

2 7. For a jury trial on all issues raised herein.

3 8. For such other and further relief as the Court deems just and proper, including  
4 attorney's fees, costs and expenses, plus interest on all sums and damages awarded  
5 hereunder at the highest legal rate until paid in full.

6  
7 Dated this 8 day of May, 2003.

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9   
10 Michael J. Morrison, Esq.,  
11 Attorney for Plaintiff  
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